

AMENDED IN SENATE MAY 10, 2005

AMENDED IN SENATE APRIL 7, 2005

**SENATE BILL**

**No. 475**

**Introduced by Senator Runner**

February 18, 2005

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An act to amend Section 40709.6 of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 475, as amended, Runner. Air pollution: stationary sources: emissions reductions: banking.

Existing law requires every air pollution control district and air quality management district to establish, by regulation, an ~~emissions~~ *emission* reduction bank containing emissions reductions to offset future increases in the emissions of air contaminants. Existing law sets forth the requirements for developing and implementing the bank, and allows increases in *the* emissions of air pollutants at a stationary source located in a district to be offset by ~~emission~~ *emissions* reductions credited to a stationary source located in another district if both stationary sources are located in the same air basin or, if not located in the same air basin, if specified requirements are met. Existing law imposes specified requirements on districts that participate in offsetting emissions increases ~~by~~ *with* emissions reductions. Existing law requires any offset to be approved by a resolution adopted by the governing board of each affected district and permits the governing board of a district to delegate the approval function to its air pollution control officer.

*This bill would require the Antelope Valley Air Quality Management District, the Mojave Desert Air Quality Management District, and the South Coast Air Quality Management District, to*

*conduct a joint study to identify means to generate or transfer additional emissions reduction credits that could be used in the permitting of new and modified sources in the Mojave Desert Air Basin. The bill would require the study to seek to identify opportunities and methods, including innovative methods, to generate credits that are real, permanent, enforceable, surplus and quantifiable, and that comply with all applicable state and federal requirements for emission reduction credits. The bill would require the study to take into account the air quality benefits of promoting job-housing balance between the 2 regions. The bill would require the study to be submitted to the Legislature on or before July 1, 2006.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

~~This bill would eliminate the requirement that any offset be approved by a resolution adopted by the governing boards of the affected districts and eliminate the provision permitting any district governing board to delegate the approval function to its air pollution control officer.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 40709.6 of the Health and Safety Code
- 2 is amended to read:
- 3 40709.6. (a) Increases in emissions of air pollutants at a
- 4 stationary source located in a district may be offset by emission
- 5 reductions credited to a stationary source located in another
- 6 district if both stationary sources are located in the same air basin
- 7 or, if not located in the same air basin, if both of the following
- 8 requirements are met:
- 9 (1) The stationary source to which the emission reductions are
- 10 credited is located in an upwind district that is classified as being

in a worse nonattainment status than the downwind district pursuant to Chapter 10 (commencing with Section 40910).

(2) The stationary source at which there are emission increases to be offset is located in a downwind district that is overwhelmingly impacted by emissions transported from the upwind district, as determined by the state board pursuant to Section 39610.

(b) The district, in which the stationary source to which emission reductions are credited is located, shall determine the type and quantity of the emission reductions to be credited.

(c) The district, in which the stationary source at which there are emission increases to be offset is located, shall do both of the following:

(1) Determine the impact of those emission reductions in mitigation of the emission increases in the same manner and to the same extent as the district would do so for fully credited emission reductions from sources located within its boundaries.

(2) Adopt a rule or regulation to discount the emission reductions credited to the stationary source in the other district. The discount shall not be less than the emission reduction for offsets from comparable sources located within the district boundaries.

*(d) Any offset credited pursuant to subdivision (a) shall be approved by a resolution adopted by the governing board of the upwind district and the governing board of the downwind district, after taking into consideration the impact of the offset on air quality, public health, and the regional economy. Each district governing board may delegate to its air pollution control officer the board's authority to approve offsets credited pursuant to subdivision (a).*

*(e) The Antelope Valley Air Quality Management District, the Mojave Desert Air Quality Management District, and the South Coast Air Quality Management District, shall conduct a joint study to identify means to generate or transfer additional emission reduction credits that could be used in the permitting of new and modified sources in the Mojave Desert Air Basin. The study shall seek to identify opportunities and methods, including innovative methods, to generate credits that are real, permanent, enforceable, surplus and quantifiable, and that comply with all other applicable state and federal requirements for emission*

1 *reductions credits. The study shall also take into account the air*  
2 *quality benefits of promoting job-housing balance between the*  
3 *two regions. The study shall be submitted to the Legislature on or*  
4 *before July 1, 2006.*

5 *SEC. 2. If the Commission on State Mandates determines that*  
6 *this act contains costs mandated by the state, reimbursement to*  
7 *local agencies and school districts for those costs shall be made*  
8 *pursuant to Part 7 (commencing with Section 17500) of Division*  
9 *4 of Title 2 of the Government Code.*